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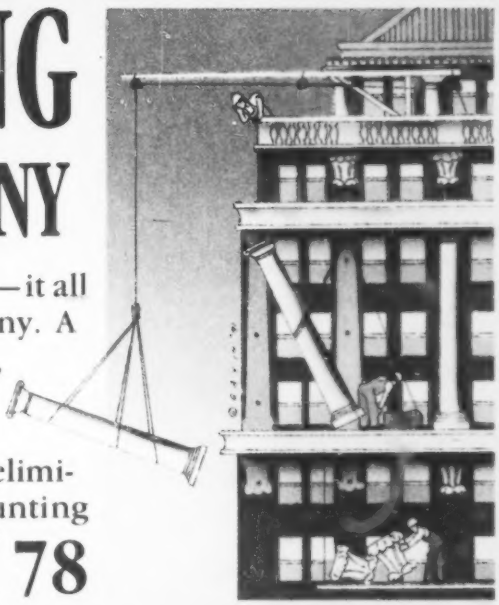
Circulation Profitability Study . . . page 90

Folio:

MAY 1, 1991 THE MAGAZINE FOR MAGAZINE MANAGEMENT $6.50

RESTRUCTURING YOUR MAGAZINE COMPANY



Call it streamlining, downsizing or rightsizing—it all adds up to shrinking the size of the company. A new magazine publishing reality is upon us, and as magazine execs look at what lies ahead, they are searching for efficiency everywhere. In the process, jobs are being eliminated, and those who are left face mounting workloads and longer hours. Find out if you're about to be axed, or worked to death. 78

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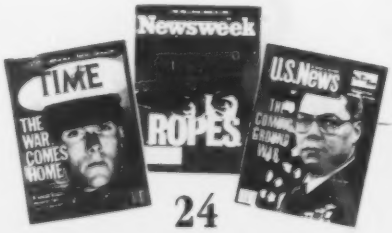

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Newsweeklies reveal *their* wartime strategies

On icons, a 'weird war' and how the newsmagazines fought for newsstand sales

by Tony Silber

NEW YORK CITY—It was mid-January, the week after the shooting started in the Persian Gulf, and on newsstands across America the newsweeklies were embattled in a brawl of another kind.

Time was a timepiece. Its January 28 cover had a photo of the Baghdad sky lit up with tracer fire, as it was at 2:44 AM on January 17. *Newsweek* featured an American pilot, thumbs up, his face a mix of determination and anxiety. *U.S. News & World Report* had a white-hot cruise missile flashing off a ship into the murky blue night.

Through their cover stories, the newsweeklies try to summarize the singular event that has fixed the nation's attention. For seven weeks, the compelling story was the war in the Gulf. And for seven weeks, the three magazines were locked in a battle on the newsstands. Knowing ahead of time what the others' story would be didn't make it any easier to outdo their competitors.

Rarely do these combatants have an opportunity to compete as directly with each other as they did during this period. Military restrictions on news and a small theater of operations put all three magazines on a level playing field. The winner would be determined by editorial ingenuity, perspicacity and blind luck.

How were cover subjects chosen? "You find that your cover image decisions are made on small but important criteria," such as how well the image fits on the cover, says *Newsweek* foreign editor Peter McGrath. "You try to figure out where the story is going to be four or five days from the day you have to make a decision. The other thing we think about is the mood of the readers: Do they feel upbeat or downbeat about a given news development?" The cover must reflect the anticipated attitude of the reader.

Adds *Time* executive editor Richard Duncan: "You're driven by the news. It's a case where you're not walking along through the events looking where to go, you're riding the horse, you're riding the news. You go where the news takes you."

"You're always thinking about the competition to some extent, but more than that, you're thinking about your audience. What can I bring to my audience that is different from this blitz of coverage?" says *U.S. News* co-editor Michael Ruby.

Here's a look at how the newsweeklies made some difficult cover decisions during the war.

• **January 28**: This was the first cover date after the war started. Newsstand sales shot up, giving the three titles their biggest windfall of the war. *Time* sold about 425,000 copies, a 115 percent hike over its first-half 1990 average of about 197,000, says *Time* general manager Ellen Fairbanks.

Newsweek sold about 402,829 copies of its January 28 issue, a 127 percent hike over the first-half 1990 average of 177,458, says Michael Grissom, *Newsweek*'s circulation marketing development manager.

U.S. News & World Report sold about 134,100 copies the same week, says spokesman Matt Tucker. That's a 98 percent increase over last year's average of 67,784.

Newsweek thought its January 28 cover crystallized the nation's feelings. "It came down to which photo conveyed the feeling of the event," McGrath says. "Ours conveyed the sense that the opening phase of the war had gone well from a military point of view."

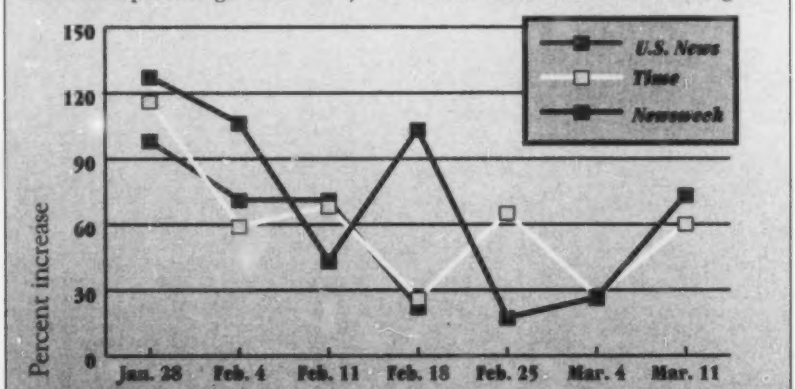
U.S. News went with the cruise missile photo because, "We just all thought that that was a very effective image," explains Ruby. But why such a small photo? "It basically is a horizontal photo," he says. "It would have had some unfortunate cropping to turn it into a vertical."

Time had the Baghdad sky with the clock. "It gives a sense of history to include that time," Duncan declares. "I think the same is true of our victory cover [March 11]. These are cases where the occasion and the image sort of speak for themselves and you want to back off and let that happen. You don't plaster type all over the moment."

• **February 4**: *Newsweek* was a big winner here. It went with the television image of Navy flyer Jeffrey Zaun, shot down and paraded on Iraqi television, his face lacerated and

Wartime single-copy sales of newsweeklies

Estimated percentage increases by week over titles' 1990 first-half averages*



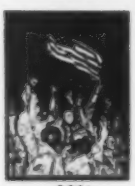
*1990 first-half averages: *Newsweek*, 177,458; *Time*, 196,998; *U.S. News*, 67,784
Source: *Time*, *Newsweek*, *U.S. News*

JULIE MCWILLIAMS

***All the newsweeklies surpassed** their 1990 single-copy sales averages during the seven hottest weeks of the war. Some Figures for* U.S. News *were unavailable.*

'Cover'ing the War

How the newsweeklies' war issues fared at the newstands.*

JAN. 28th			
	116%	127%	98%
FEB. 4th			
	59%	106%	71%
FEB. 11th			
	68%	43%	71%
FEB. 18th			
	26%	103%	22%
FEB. 25th			
	65%	17%	na
MARCH 4th			
	27%	26%	na
MARCH 11th			
	60%	73%	na

**Percentage increases based on individual magazine's 1990 first-half averages:* Time, *196,998;* Newsweek, *177,458;* U.S. News, *67,785.*

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bruised. "The thinking there was that it was an image with a certain iconic value," McGrath says. "We chose an image that said this may not be a cakewalk after all. And Lt. Zaun was the image that best conveyed that."

Newsweek also had a fold-out Gulf War map in this issue.

U.S. News put General Colin Powell on the cover. Ruby explains: "This was keyed off a Powell press conference where he gave an absolutely virtuoso performance, and where he gave one of the most memorable quotes of the war. [Referring to the Iraqi army, Powell said, 'First we're going to cut it off, and then we're going to kill it.'] We decided to capitalize on that."

• **February 11**: *Time*'s cover featured burned-out armored personnel carriers after the battle of Khafji, with the headline, "Saddam's Weird War." Duncan says this was the toughest week of the war to come up with a cover. McGrath says *Newsweek* deliberately chose not to put Khafji on the cover, because "It would have felt to us like last week's news."

• **February 25**: *Newsweek* had its poorest newsstand performance of the war, and acknowledges that "Saddam on the Ropes" didn't work. "The theme is about what you would expect for the war at that stage," says McGrath. "Was it the story line that didn't quite snap, or was it the cover image? I don't know."

• **March 4**: The ground war started, and *U.S. News* had a bad week, missing the opening of the campaign. The magazine extended its deadline 20 hours, from 10 PM Friday to 6 PM Saturday, but the ground war started two hours later. "There was nothing we could do about it. Nothing," Ruby says. "The cover image itself, I make no bones about it, it was a finesse."

> "You're not walking along through the events looking for where to go. You're riding the news, and you go where the news takes you."

• **March 11**: The war ends with an allied force victory. *Time* had a classic—American soldiers celebrating in Kuwait City, holding an American flag high. *Newsweek* had Schwarzkopf, smiling broadly.

U.S. News had an American tank crashing through the sand, with the headline, "Knockout." "It seemed to us the appropriate image," Ruby says. "This was, after all, a ground war."

The newsweeklies were often constrained in their decision-making by military censors and photo pool arrangements. Says *Newsweek*'s McGrath, "There wasn't much available. It's a question of playing the hand you were dealt."

For all the attention to newsstand sales, the newsweeklies are subscription-based magazines, with single-copy sales amounting to only a small fraction of their total circulations. So some are quick to downplay the significance of the surge in single-copy sales. "They went up, but not enough to matter," says Ron Scott, a consultant specializing in newsstand strategies.

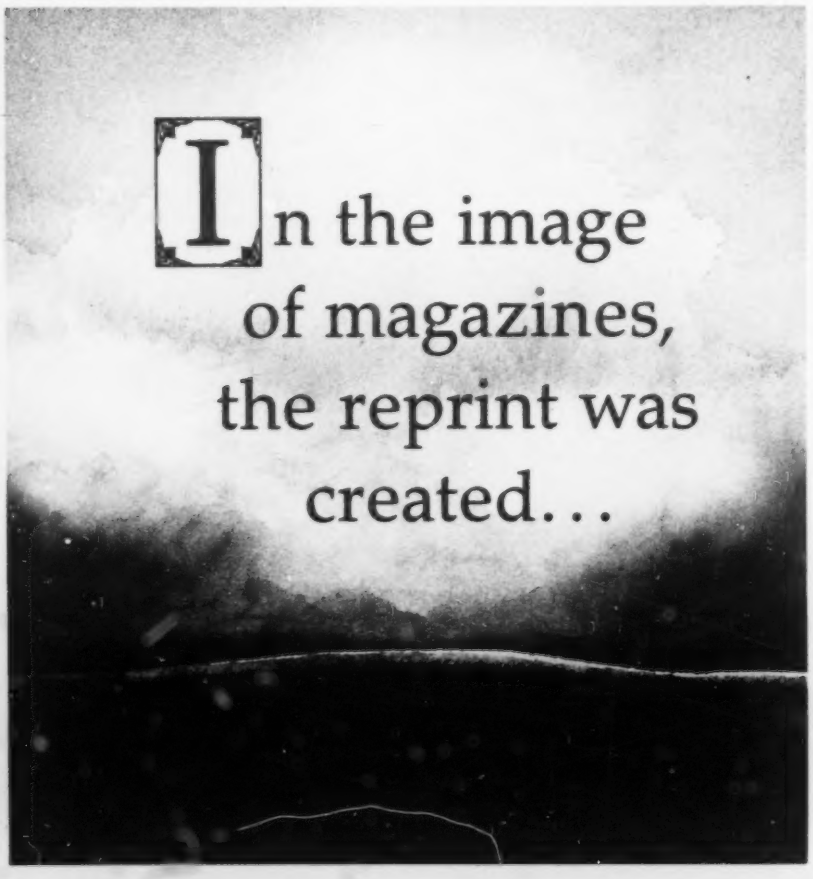
Executives at the magazines disagree. "A 100 percent increase in anything is significant," counters *Newsweek* publisher Peter Eldredge.

Adds Fairbanks: "It certainly is indicative of something. Newsstand is the place where a lot of people who haven't been reading the newsmagazines regularly go to get them."

Time and *U.S. News* moved the war off their covers with the March 25 issue. "The war's over," says Duncan. "And when the war is over, you don't try to milk it and extend coverage—you just go on and cover the news of the week."

Newsweek, however, decided the story wasn't over and put the revolt against Saddam Hussein on its cover the next week.

Differing viewpoints notwithstanding, all three newsweeklies are repackaging their editorial. Time Warner is producing a $39.95 CD-ROM disc on the war based on *Time*'s reporting, and a 300-page book. *U.S. News* is planning a book with Random House. And *Newsweek* has produced $3.95 newsstand commemorative issue.□



Intellectual books getting a second thought

by Terence Poltrack

NEW YORK CITY—After years of making eloquent appeals that whizzed over the heads of many media planners, but attracted a small, exclusive readership, opinion-leader magazines are finally being taken seriously by the ad industry. The category—with titles ranging from *The Atlantic* to *World Press Review*—is getting a smattering of attention these days because of its tony demographics, and because advertisers are looking for a better and cheaper way to the hearts and minds of intellectual America.

While the popularity has some publishers feeling almost giddy, it has made others a bit uncomfortable. Popularity is not a feeling with which most of these publishers are familiar. Large circulations are *so* bourgeois. "We would not necessarily be a more important magazine if we had double the number of subscribers," scoffs Jeffrey Dearth, president of *The New Republic*. "If they came naturally, and we didn't have to maintain them by spending fortunes, then fine. But numbers alone do not make a magazine important."

He's right. But they sure get the attention of advertisers. And whether these publishers like it or not, people

Cash-strapped advertisers are taking a second look at some opinion-leader titles, but the category still depends on circulation for its bread and butter.

are talking about them. In an otherwise moribund marketplace, the category quietly boasts a steady gain in circulation and ad-page performance. Moreover, market analysts are talking about an aging America that is the best-educated in history and a rich pool for future readership growth. Issues from picking up the pieces after the Gulf War to school zoning remind these new grown-ups—media people among them—that gossip and glitz aren't as attractive as they used to be to this age group. Baby boomers now prefer substance to style, or so they're being told.

The result has been that big advertisers are taking a second look at some titles that up to now weren't even on their list. Volvo, Quantas Airlines, Phillips Petroleum, BASF Industrial Chemicals and Rockwell International, among others, have bought schedules through the Leadership Network, a group buy that offers any or all of *National Review, New Republic, Across the Board,*

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Revitalized ad network

The Leadership Network had always boasted an erudite, involved readership, but only recently started getting serious attention from major advertisers. Network founder and *National Review* ad director Robert Sennott Jr. claims revenues from national advertisers are up 24 percent for the first quarter of 1991.

Most creative (some say aggressive) in pursuing the advertisers' attention has been Ira Ellenthal, president and publisher of *The Atlantic.* "Knowledge is in," he proclaims. Over the past two years, *The Atlantic* has got new business from several sources. Chrysler bought into an eight-page arts and entertainment insert and Oleg Cassini ran ads that accompanied a column in the magazine on "The packaging of a fragrance." The Cassini ads in particular, more typically seen in magazines

The limits of thought

The thought leaders have a long way to go to catch up with the circulation numbers bandied about by mass media books. But their growth is impressive, and some advertisers are starting to wonder if bigger is always better.

TITLE	TOTAL CIRCULATIONS, SIX MONTHS ENDING:				
	12/31/81	12/31/85	12/31/89	12/31/90	'89/'90 % chg.
Time	4,337,988	4,603,307	4,339,029	4,094,935*	-5.6
Newsweek	2,960,073	3,057,081	3,180,011	3,211,958	+1.0
U.S. News & World Report	2,063,366	2,083,882	2,209,996	2,311,534	+4.6
New Yorker	505,107	506,103	622,123	613,747	-1.4
The Atlantic	360,316	465,226	463,505	471,977	+1.8
Harper's	332,971	152,621**	193,002	205,569	+6.5
National Review	104,288	116,051	133,168	151,806	+14.0
New Republic	96,247	93,937	97,869	97,449	-0.4

* Rate base cut from 4.6 million to 4.3 million in 1989, and to 4.0 million in 1990, reportedly to eliminate inefficient readers

** Rate base cut radically to 120,000 in 1982 as part of a new business plan

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that cater to the horsey set than among the tweedy thought leaders, demonstrate that some creative selling has been going on. *The Atlantic* saw a 25 percent gain in revenues last year. Ellenthal has taken some heat from his competitors in the category for being too opportunistic, but in reality he's helped put the categories on the map.

"They're competitive," says Young & Rubicam's vice president and associate media director for print, Frank Smith. "Magazines that don't try to be flexible and competitive in this marketplace are going to get screwed. That's the bottom line."

But others in this category are less willing to compromise their editorial. Chief among their concerns is the personal relationship that the titles enjoy with their readers. When *National Review* publisher Wick Allison moved to affluent Larchmont, New York, he culled the names and addresses of *NR* subscribers in the suburb—all 67 of them. Then he invited them over for cocktails.

"The idea of raiding *SciAm* or *Money* three or four years ago would have been absurd."

These relationships are at the heart of the magazines' attractive demographics and remarkable renewal rates. *Harper's* boasts a subsequent renewal rate (readers who've renewed at least twice) of 77 percent. Some of the smaller, more targeted titles claim renewal rates in the 90s.

Those numbers are phenomenal when compared to the renewal rates at the newsweeklies; although closely guarded, they are estimated to hover around 50 percent. Indeed, circulation revenue accounts for the bulk of *National Review*'s income, with only 9 percent coming from advertising.

Says *New Republic*'s Dearth, "Advertising is the area where our margins come into play; circulation has been paying the freight for the past 76 years."

That's a position many publishers would covet, especially in an ad climate such as today's. But even the leadership books have to find and keep readers, and the economics of doing so are as unattractive to them as they are to every other publisher. For titles that usually don't get very creative, an arrangement between *National Review* and CNN turned out to be a winner for both. Allison made a per-inquiry deal with CNN in which the magazine agreed to run ads in August and January, usually the cable network's leanest ad months. He was in luck, because in August Saddam Hussein marched into Kuwait, and in January the Allied forces began pushing him out. All eyes were glued to CNN, and inquiries to *National Review* exploded. Edward A. Capano, associate publisher, says more than 5,000 new sub orders came in during a two-week period via CNN during the crucial early stages of war coverage. That's "three to five times greater than what's to be expected," and he is delighted by a 52 percent

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pay-up rate from credit card orders and 60 percent pay-up from bill-me orders. Over 800 orders were generated in one night, following an ad that ran close to a popular "Larry King Live" segment.

At the same time, *New Republic* has tested spot ads on broadcast affiliates and independents in Washington, San Francisco, Boston, New York and New Haven/Hartford.

These magazines usually target book readers, rather than TV watchers, for their subscription pitches. Lately, though, says John R. MacArthur, president and publisher of *Harper's*, subscribers to business magazines have been responding well, too.

MacArthur is poised to take advantage of the new atmosphere. He recently added some high-powered ad sales talent from *Scientific American* and *Money*. He's clearly thrilled about it, too. "The idea of raiding *SciAm* or *Money* three of four years ago would have been absurd."

But he is a firm believer in "small is beautiful" and that pushing his subscriber base beyond its natural limits would be a mistake. Indeed, growth for growth's sake has come back to haunt several of these titles in the past. *World Press Review*, for example, reached a circulation of about 180,000 in the late seventies,

Renewal rates are phenomenal when compared with the newsweeklies.

but the cost of maintaining that level became life-threatening. Sub prices were upped and direct mail was streamlined to force the numbers down and improve the quality of the list, says publisher Teri Schure, who came from *Newsweek*'s circulation department. *Harper's*, too, faced some hard financial realities in the early eighties and opted to cut its circulation to 120,000 from almost three times that level. *Harper's* has seen a 9 percent jump in ad pages so far this year. Even *Time* has taken a cue from this less-is-more approach, reducing its rate base twice in the past two years.

While one might not describe the opinion leader books as hot, they're certainly warm. There are no numbers to show that they've taken readers, or advertisers, away from the newsweeklies. But any area of growth in this market is worthy of note. It's also worth noting that attitudinally, these books are a world apart from most consumer titles, and that keeping their readers involved has kept them afloat all these years. "These magazines came into being to make a point, not a profit," adds Sennott of the Leadership Network. "But there is increased recognition that we operate in a commercial universe. Will we ever be able to put our resources on the table and go head-to-head with Time Warner? No. Are we spending more than we spent before in terms of sales tools, promotion, research? Yes." The real question is, will it pay off? That's still a matter of opinion. □

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FOLIO:'S 1991 PRODUCTION SALARY SURVEY

BY ROBERT M. STEED

The promise of production technology is a double-edged sword for today's production professionals: To benefit from it, they first have to sell its value (and cost) to management, learn how to use it (or train others to do so), and then apply it to the ever shifting demands of today's publications.

Once over those hurdles, however, many production people find themselves on the cutting edge of magazine production, able to deal far more effectively with their main challenge: keeping costs low.

How this translates into compensation levels for them is becoming ever more clear, and some strong hints are seen in this, FOLIO:'s seventh annual survey of production salaries. Traditional factors, such as size of magazine, number of employees supervised or number of magazines, correlate much less than before to compensation. This is particularly true among production managers and at smaller publications. Is this an indication that production professionals are increasingly being paid on the basis of what they contribute in terms of technological innovation, cost control and the tough task of getting a high-quality product to the consumer on time and on budget?

The figures do hint that, in determining pay levels, publishers are beginning to focus less on how big the magazine is or how long the manager has been around, and more on the basis of the contribution he or she is making to the bottom line. If true, this is a big step in the right direction of recognizing the positive impact that creative production professionals can have on the quality and profitability of their magazines.

Robert M. Steed is managing director of Performance Plus . . . Inc., a New York-based consulting firm.

Methodology: Three hundred and thirty-three of the 887 circulation professionals who received questionnaires responded to FOLIO:'s seventh annual production salary survey, resulting in an overall response rate of 37.5 percent. Of the total responses, 316 (35.6 percent) contained sufficient information to be used for tabulation. The survey was conducted through two mailing efforts in December 1990. Participants were asked to supply data reflecting projected 1991 earnings; if exact figures were unavailable, they were requested to estimate.

In some cases, respondents did not give an exact bonus figure, but gave an expected range instead. Here the mean was used for tabulation.

About 58 percent of the mailing was sent to production directors and 42 percent to production managers. The response rate among managers was twice as high as that among directors (48 percent versus 24 percent). About 52 percent of the sample was drawn from business publications, with the balance from consumer ones. Lastly, about 64 percent of the sample in each category was drawn from magazines with under 100,000 in circulation, while 36 percent came from magazines with over 100,000 circulation.

The regions have been divided as follows:

Production director

Production director (may be called VP of production): Negotiates printing, typesetting and engraving contracts; establishes production schedules. Oversees production managers and advises on technical matters; is directly responsible for quality control.

Average salaries (The number of respondents is in parentheses.)		% increase from '90 to '91
All respondents	$52,519 (128)	7.8%
Business	$50,027 (64)	8.1
Consumer	$55,621 (59)	7.7
Top one-third	$79,302 (42)	
Middle one-third	$46,249 (43)	
Bottom one-third	$32,628 (43)	

	Average	Average business	Average consumer
By region:			
Northeast	$64,632 (48)	$57,056 (25)	$74,361 (22)
South	44,963 (27)	45,021 (14)	44,225 (12)
North central	45,722 (25)	48,361 (14)	42,364 (11)
West	45,852 (27)	42,545 (11)	48,000 (13)
By sex:			
Male	$62,505 (65)	$58,130 (33)	$68,083 (30)
Female	42,216 (63)	41,402 (31)	42,729 (29)
By age:			
29 or less	$35,995 (11)	$30,000 (4)	$39,420 (7)
30-39	45,509 (63)	44,320 (33)	47,161 (28)
40-49	56,619 (31)	60,400 (15)	53,080 (15)
50 or more	74,096 (23)	59,433 (12)	98,778 (9)
By years in production:			
Up to 5	$37,773 (11)	$34,929 (7)	$49,000 (3)
6-10	42,871 (45)	37,142 (18)	46,448 (26)
11-20	47,788 (40)	47,325 (20)	48,056 (18)
More than 20	78,731 (29)	68,733 (18)	98,400 (10)
Eligible for bonus:			
Yes	$56,594 (76)	$49,541 (37)	$65,115 (36)
No	46,563 (52)	50,694 (27)	40,761 (23)
Responsible for:			
One magazine	$49,717 (47)	$48,577 (22)	$51,087 (23)
More than one	54,144 (81)	50,787 (42)	58,518 (36)
By employees supervised:			
None	$38,167 (12)	$40,750 (4)	$38,714 (7)
One	39,867 (15)	37,222 (9)	43,833 (6)
2-5	48,172 (63)	47,558 (32)	48,500 (28)
More than 5	69,251 (38)	62,205 (19)	77,202 (18)
By circulation:†			
Up to 19,999	$42,714 (7)	$40,400 (5)	$35,000 (1)
20,000-49,999	38,439 (23)	39,894 (18)	33,200 (5)
50,000-99,999	45,877 (22)	44,153 (15)	49,571 (7)
100,000-499,999	54,664 (43)	66,045 (19)	45,652 (21)
500,000 or more	68,305 (31)	57,083 (6)	70,998 (25)
By frequency:†			
Weekly/biweekly	$57,108 (12)	$57,038 (8)	$57,250 (4)
Monthly	52,503 (77)	45,404 (36)	59,716 (38)
Other	48,357 (36)	49,856 (18)	46,085 (17)
By average total pages produced annually:†			
Up to 499	$43,183 (24)	$42,185 (13)	$44,889 (9)
500-999	35,929 (15)	35,429 (7)	36,368 (8)
1,000-1,499	44,084 (19)	45,178 (9)	43,100 (10)
1,500-2,999	57,932 (37)	50,206 (17)	65,278 (18)
3,000 or more	74,063 (24)	68,950 (14)	81,220 (10)

† Refers to the largest circulation magazine on which respondent works.

"Finding ways and means to improve profit by reducing manufacturing and distribution expenses is my biggest challenge."

—Production director in the Midwest, earning salary and bonus in the low sixties.

Production manager

Production manager: Directly responsible for daily production operations, including publication paste-up, quality control and maintaining production schedules. Is liaison with printing plant. May traffic advertising and editorial materials.

Average salaries (The number of respondents is in parentheses.)		% increase from '90 to '91
All respondents	$29,802 (188)	7.8%
Business	$29,674 (114)	9.1
Consumer	$30,166 (72)	5.8
Top one-third	$40,073 (62)	
Middle one-third	$28,595 (63)	
Bottom one-third	$20,901 (63)	

	Average	Average business	Average consumer
By region:			
Northeast	$32,219 (74)	$31,132 (47)	$34,113 (27)
South	27,596 (41)	28,357 (21)	27,108 (18)
North central	27,931 (39)	28,270 (31)	26,621 (8)
West	29,417 (33)	29,850 (15)	29,056 (18)
By sex:			
Male	$33,134 (50)	$31,167 (29)	$35,851 (21)
Female	28,595 (138)	29,164 (85)	27,825 (51)
By age:			
29 or less	$26,865 (80)	$25,994 (50)	$28,603 (29)
30-39	31,483 (68)	32,293 (40)	30,413 (27)
40-49	33,306 (23)	36,146 (12)	30,208 (11)
50 or more	32,156 (17)	29,804 (12)	37,800 (5)
By years in production:			
Up to 3	$25,070 (66)	$25,432 (43)	$24,593 (22)
4-10	30,919 (78)	31,489 (42)	30,318 (35)
11-20	33,527 (36)	33,208 (25)	34,252 (11)
More than 20	41,188 (8)	34,125 (4)	48,250 (4)
Eligible for bonus:			
Yes	$29,320 (74)	$28,320 (47)	$31,061 (27)
No	30,115 (114)	30,624 (67)	29,629 (45)
Responsible for:			
One magazine	$30,754 (83)	$31,367 (44)	$30,328 (38)
More than one	29,049 (105)	28,609 (70)	29,985 (34)
By employees supervised:			
None	$27,496 (67)	$27,291 (45)	$27,913 (21)
One	28,632 (39)	29,225 (22)	27,865 (17)
2-5	31,070 (66)	31,556 (41)	30,703 (24)
More than 5	37,075 (16)	36,333 (6)	37,520 (10)
By circulation:†			
Up to 19,999	$28,694 (24)	$29,139 (19)	$27,000 (5)
20,000-49,999	27,208 (59)	26,844 (38)	27,867 (21)
50,000-99,999	28,966 (41)	30,352 (27)	26,777 (13)
100,000-499,999	30,429 (46)	31,445 (26)	29,165 (19)
500,000 or more	41,433 (15)	48,000 (2)	40,423 (13)
By frequency:†			
Weekly/biweekly	$32,634 (28)	$33,413 (20)	$30,688 (8)
Monthly	29,389 (119)	28,137 (81)	32,384 (37)
Other	29,336 (38)	35,850 (10)	26,972 (27)
By average total pages produced annually:†			
Up to 499	$29,751 (47)	$31,440 (25)	$28,215 (20)
500-999	27,040 (46)	26,516 (26)	27,720 (20)
1,000-1,499	29,311 (35)	28,136 (25)	32,247 (10)
1,500-2,999	30,409 (25)	30,075 (15)	30,910 (10)
3,000 or more	36,981 (21)	36,575 (12)	37,522 (9)

† Refers to the largest circulation magazine on which respondent works.

"I'm trying to convince our publisher that we are behind the times with our typesetting equipment and need to upgrade to the new technology."

—Production manager in the West, with over 15 years' experience, earning salary in the high thirties.

Average annual bonus/incentive*

	Production director	Production manager
Average bonus/incentive:	$ 6,613 (69)	$1,316 (67)
By magazine type:		
Consumer	$ 8,420 (32)	$1,280 (26)
Business	5,139 (35)	1,339 (41)
By region:		
Northeast	$ 7,994 (25)	$1,370 (25)
South	5,293 (14)	1,352 (15)
North central	6,300 (15)	1,052 (16)
West	5,857 (15)	1,630 (10)
By sex:		
Male	$ 8,829 (38)	$1,320 (21)
Female	3,897 (31)	1,315 (46)
By age:		
29 or less	$ 2,320 (5)	$1,320 (33)
30-39	5,693 (41)	1,210 (20)
40-49	7,908 (13)	1,665 (11)
50 or more	10,850 (10)	708 (3)
By years in production:		
Up to 3	$ 1,929 (7)	$1,169 (29)
4-10	5,848 (25)	1,437 (23)
11-20	6,417 (23)	1,289 (13)
More than 20	10,692 (13)	2,250 (2)
Responsible for:		
One magazine	$ 9,368 (22)	$1,235 (31)
More than one	5,323 (47)	1,387 (36)
By employees supervised:		
None	$ 1,700 (4)	$1,091 (27)
One	2,283 (9)	1,819 (12)
2-5	5,910 (34)	1,322 (25)
More than 5	10,364 (22)	1,283 (3)
By circulation:†		
Up to 19,999	$ 3,750 (2)	$2,590 (5)
20,000-49,999	3,432 (11)	969 (26)
50,000-99,999	5,000 (15)	1,223 (12)
100,000-499,999	6,015 (20)	1,393 (18)
500,000 or more	10,738 (20)	1,810 (5)
By frequency:†		
Weekly/biweekly	$ 9,333 (6)	$1,723 (8)
Monthly	6,141 (43)	1,231 (44)
Other	5,592 (19)	1,192 (13)
By average total pages produced annually:†		
Up to 499	$ 3,942 (13)	$1,454 (22)
500-999	4,856 (8)	1,216 (14)
1,000-1,499	3,642 (12)	1,294 (13)
1,500-2,999	6,395 (19)	1,536 (7)
3,000 or more	14,077 (13)	1,256 (5)

* Includes only individuals who reported receiving both salary and bonus; the number of respondents is in parentheses.

† Refers to the largest circulation magazine on which respondent works.

Average annual total compensation*

	Production director	Production manager
Received bonus:		
Yes	$ 63,366 (69)	$30,812 (67)
No	46,563 (52)	30,115 (114)
By magazine type:		
Consumer	$ 73,918 (32)	$32,767 (26)
Business	54,739 (35)	29,572 (41)
By region:		
Northeast	$ 82,408 (25)	$30,392 (25)
South	46,507 (14)	29,294 (15)
North central	58,007 (15)	30,615 (16)
West	52,723 (15)	34,780 (10)
By sex:		
Male	$ 77,092 (38)	$35,718 (21)
Female	46,540 (31)	28,572 (46)
By age:		
29 or less	$ 43,108 (5)	$27,977 (33)
30-39	52,268 (41)	34,123 (20)
40-49	75,908 (13)	33,465 (11)
50 or more	102,690 (10)	30,192 (3)
By years in production:		
Up to 3	$ 40,429 (7)	$25,142 (29)
4-10	51,110 (25)	33,207 (23)
11-20	55,265 (23)	37,075 (13)
More than 20	109,646 (13)	44,750 (2)
Responsible for:		
One magazine	$ 61,545 (22)	$31,023 (31)
More than one	64,218 (47)	30,629 (36)
By employees supervised:		
None	$ 31,950 (4)	$28,663 (27)
One	42,950 (9)	33,119 (12)
2-5	55,657 (34)	31,840 (25)
More than 5	89,343 (22)	32,350 (3)
By circulation:†		
Up to 19,999	$ 39,750 (2)	$36,710 (5)
20,000-49,999	43,259 (11)	27,973 (26)
50,000-99,999	47,333 (15)	28,865 (12)
100,000-499,999	62,885 (20)	31,298 (18)
500,000 or more	91,310 (20)	44,510 (5)
By frequency:†		
Weekly/biweekly	$ 70,333 (6)	$33,498 (8)
Monthly	63,829 (43)	30,793 (44)
Other	53,452 (19)	29,749 (13)
By average total pages produced annually:†		
Up to 499	$ 49,281 (13)	$32,604 (22)
500-999	41,474 (8)	30,258 (14)
1,000-1,499	49,692 (12)	29,754 (13)
1,500-2,999	69,684 (19)	29,347 (7)
3,000 or more	98,962 (13)	36,896 (5)

* Includes only individuals who reported receiving both salary and bonus; the number of respondents is in parentheses.

† Refers to the largest circulation magazine on which respondent works.

GETTING YOUR CIRCULATION GOING

Today, more than ever, magazines are positioning their circulation departments to generate more profits. This special report takes a look at how publishers are squeezing more dollars out of a more efficient, more streamlined operation.

SURVEY

Improving the profitability odds

% of circulators using these strategies

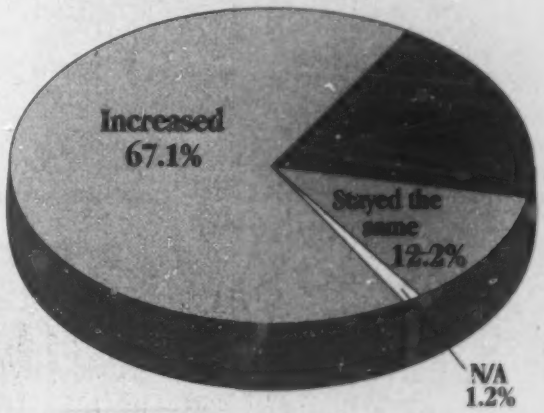
Selling active lists to direct mailers	81.7%
Streamlining through improved technology	76.8%
Reducing/eliminating unprofitable circ sources	76.8%
Increasing subscription price	74.4%
Exchanging active lists with competitors	50.0%
Reducing/eliminating gracing, comp or promo copies	41.5%
Reducing/eliminating subscriber discounts	28.0%
Cutting staff	24.4%

The computer revolution strikes again. *Three-quarters of our circulators reported using new technology to trim fat from their departments.*

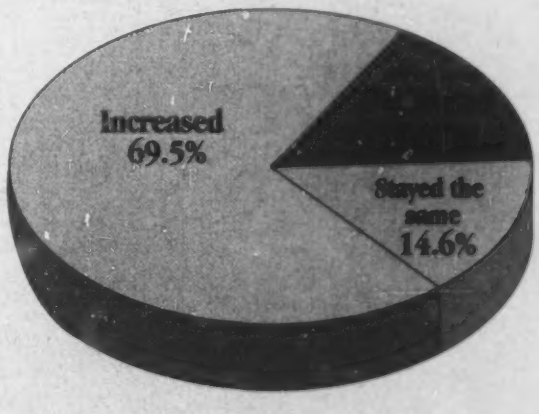
SONO DESIGN

The circulation ledger

Total circulation revenues in 1990:



Total circulation expenses in 1990:

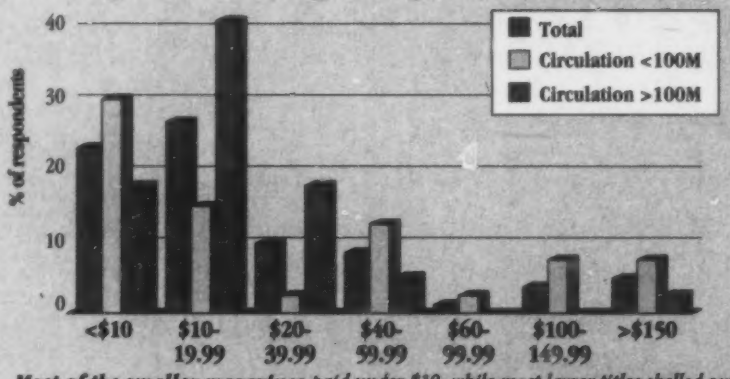


First the good news. *Fully two-thirds of our respondents reported increases in circulation revenues. The bad news? Two-thirds also indicated increased expenses.*

Have you tested or instituted 'till forbid' automatic billing?

Still running shy: *Only 13 percent report having experimented with "till forbid." Furthermore, only 12 percent have tried installment billing.*

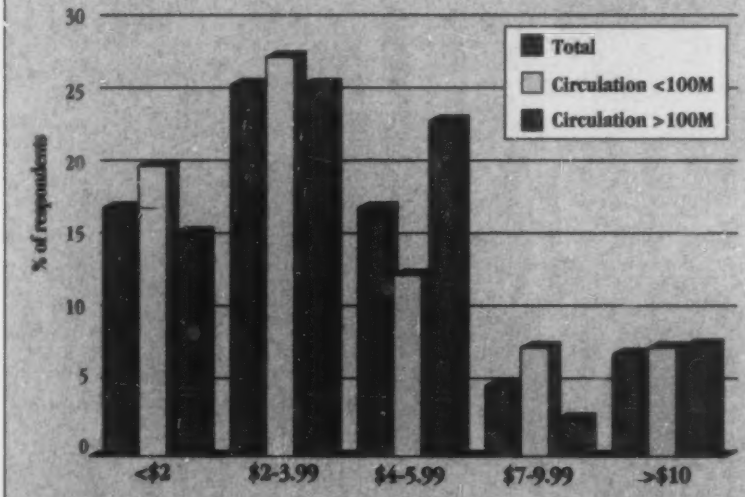
Average cost of acquiring a new subscriber



Most of the smaller magazines paid under $10, while most larger titles shelled out between $10 and $20. In addition, over half of all respondents reported that their acquisition costs rose in 1990.

SURVEY

Average cost of renewing a subscriber



Following a similar pattern *to subscriber acquisitions, most smaller publications reported lower costs for renewals than their bigger siblings. Additionally, slightly more than a third of all respondents said renewal costs went up in 1990.*

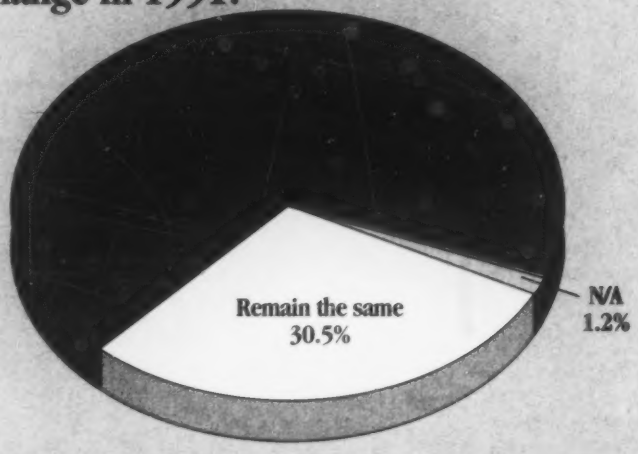
Q. Did you increase the amount spent on your circulation promotion budget in 1990?

A. An average of 64.6 percent of respondents said yes.

Q. What happened to your circulation staff salaries?

A. An average of 68.3% reported paying out more last year.

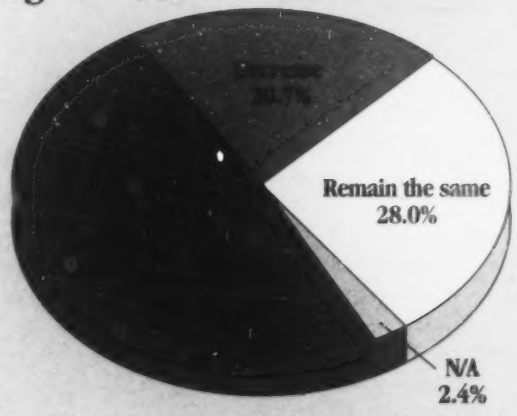
How do you expect total circulation to change in 1991?



***Despite what you may have heard** about magazines reducing circulation lists to be more efficient, save money on postage and provide advertisers a more targeted audience, three-fifths of our respondents anticipate a rise in circulation.*

SURVEY

How do you expect circulation profits to change in 1991?



***Tempered optimism:** While most respondents expect circulation to go up this year, they're a little less positive that profitability will increase to the same extent.*

Saving on postage

% of circulators exploring these delivery methods

Commingling	**41.5%**
Alternate delivery	**34.1%**
Pool shipping	**32.9%**
Firm bundling	**29.3%**

Methodology: Of the 480 circulation executives who received questionnaires, 85 responded, resulting in an 18% overall response. Of these, 82 contained sufficient information to be tabulated. The survey was conducted in November and December 1990.

NOTE

ONLY THE FOLLOWING PAGES OF THIS

PUBLICATION HAVE BEEN FILMED

Cov. 1, Cov. 2, Pgs: 4, 63,

64, 66, 68-71, 78-81